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**Director  
Intelligence Community Staff**  
Washington, D.C. 20505

DCI/ICS 3523-87  
10 February 1987

MEMORANDUM FOR: See Distribution

SUBJECT: Assessing the Impact of the FY 1989 Shortfall

1. Yesterday, 9 February 1987, OMB (Bob Howard, Dave Sitrin, Arnie Donahue, and Russ Neely) met with me at their request to discuss the FY 1989 shortfall problem and what to do about it. They were not optimistic about the possibility of a budget amendment, but did offer to pursue the matter further within OMB. In order to do this, they need an idea of what the real cost to the NFIP would be if it were forced to accept the FY 1989 numbers now in the President's Budget. The best time for a budget amendment to reach the Hill would be at the end of March, meaning that a decision by the Executive Branch would be required in early March. In order to meet this schedule, I am asking you to make an assessment of how your program would actually absorb the FY 1989 shortfall by February 18 so that negotiations with OMB can get under way.

STAT

2. I realize that this is a substantial burden on some programs, but the exercise must be done in any case. First, it is conceivable that we will have to live with FY 1989 as it now stands. In that event, we obviously need to know how we would do it. Second, given the critical importance of the FY 1989 issue, I intend to convene a Program Managers' meeting at the earliest opportunity to discuss it. The Program Managers will be asked to investigate the shortfall's impact on the NFIP allocated as it is now, and whether a redistribution might be in order. It would be useless to hold such a meeting unless the staff work on the impact of the current distribution was complete, and the problems with it analyzed and ready to lay on the table.

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3. Where proposed FY 1989 adjustments would have impact on FY 1988, or even FY 1987, that fact should be identified and, if possible without impacting the 18 February deadline, should be described and sized.

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SUBJECT: Assessing the Impact of the FY 1989 Shortfall

4. Since we cannot afford to let opportunities to redress the FY 1989 problem pass us by, I request your cooperation in meeting this very short-fused requirement. Your point of contact is the new Director of the Program and Budget Staff,

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Acting Director

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ICS/PBS/[ ] 10 Feb. 87)

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- Orig. - The Hon. E. C. Aldridge, Jr.
- 1 - DIRNSA (LTG William E. Odom, USA)
- 1 - D/DIA (Lt Gen Leonard H. Perroots, USAF)
- 1 - DNI (RADM William O. Studeman, USN)
- 1 - Exec. Dir., CIA [ ]
- 1 - DoD/FCI (D/CI&IP Mr. John F. Donnelly)
- 1 - ASD(C3I) (The Hon. Donald C. Latham)
- 1 - DASD(I) (Mr. Charles A. Hawkins, Jr.)

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[REDACTED]

Acting Director

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ICS/PBS, [redacted]; 10 Feb. 87)

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